ARIZONA'S ECONOMY

JANUARY 1999 WINTER ISSUE

1999/00 OUTLOOK

Reprinted from the Economic Outlook 1999-2000 Luncheon, a talk presented to Tucson community leaders on December 11, 1998.

Marshall J. Vest, *Forecasting Project Director*

Can Prosperity Continue with the World in Financial Crisis?

The recent crisis in credit markets radically changed perceptions of risk, and chances of recession rose sharply. Quick action by the Federal Reserve to lower short-term interest rates soothed fears and money is once again flowing into secondary credit markets, but things are not back to normal. Consensus forecasts for 1999 nationwide have ratcheted downward and so have our forecasts for Arizona. We don't expect recession, just slower growth. In fact, the shock to credit markets may turn out to be a positive for the economy over the long run, as the bubble that was developing in early 1998 has been deflated.

Economists and investors alike are suffering whiplash following recent turbulence in financial markets. The stock market, as measured by the Dow Jones Industrial Average Index (DJIA), fell by 20% from its peak in mid-July to early October. Then during a period of only six weeks, stocks soared back to recover most of those losses. On the surface, it might appear that things are back to normal, but the DJIA doesn't begin to tell the whole story.

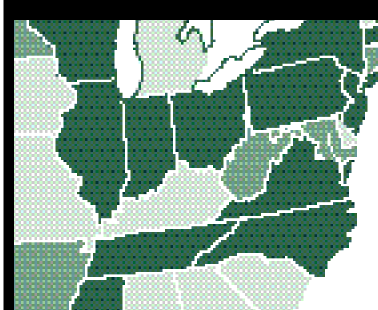
It is a fascinating story of credit flows that underscores how quickly money can move around the world with a computer keystroke. Earlier this decade, capital flowed freely into Asian countries to support rapid development of infrastructure and new businesses. This eventually resulted in overcapacity in a number of industries ranging from automobiles to semiconductors. Some Asian countries were unable to support their currency regimes and were forced to devalue their currencies, which plunged their economies into recession.

The Asian contagion has spread outside of that region, and as 1998 draws to a close nearly 40% of the world's economy is in recession. Overcapacity in a number of industries has led to declining prices for a wide range of goods — from copper to oil to semi-conductors to computers. This is basically a classic business cycle scenario in which development of too much capacity fueled by overzealous lending eventually led to a correction. In many respects, what is happening in Asian Countries mirrors the U.S. during the late 1980's.

Predictably, U.S. exports to these countries have weakened considerably. But the "Asian flu" also led to massive capital flight out of these countries in favor of U.S. credit markets. During this first phase, which stretched over most of 1997 and 1998, the U.S. economy benefited as financial markets soared. Long-term interest rates were pushed downward, stimulating interest-sensitive sectors. In short, the U.S. was awash in money looking for assets. This helps explain why the U.S. economy grew rapidly during the sixth and seventh year of this business cycle, prompting analysts to worry that a bubble might be in the making. These conditions helped spur a new round of mortgage refinancing, a spending binge on the part of consumers, strong new car sales, and a boom in homebuilding. At the same time, inflation continued to recede due to falling import prices and over-capacity in many industries.

Then in August, two events shook investor confidence. The first was Russia's default on its debt, followed a few weeks later by near-failure of the huge U.S. hedge fund, Long

INSIDE



ELLER GRADUATE SCHOOL OF MANAGEMENT • COLLEGE OF BUSINESS AND PUBLIC ADMINISTRATION

EXHIBIT 1
Wages and Salaries
Per Employee, Arizona

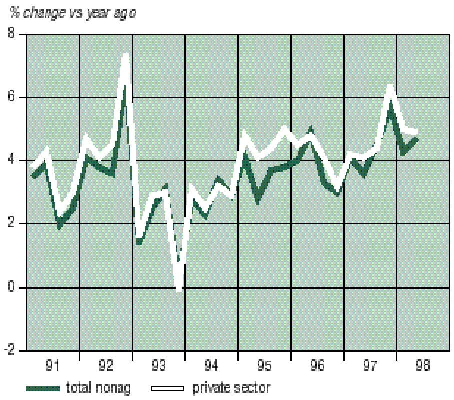
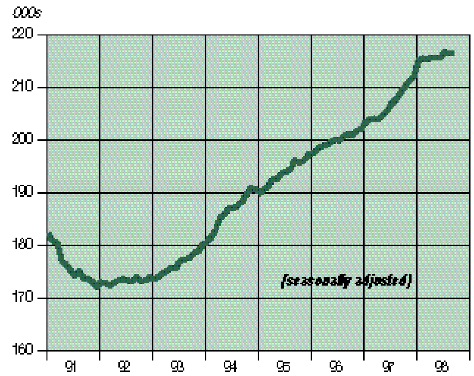


EXHIBIT 2
Restaurant and Bar Sales
Growth, Arizona *(Current Dollars)*

EXHIBIT 4
Manufacturing Employment,
Arizona



Term Capital Management (LTCM). LTCM took huge bets on interest rate spreads as well as on stock prices of individual companies. If LTCM had been allowed to fail, it would have wreaked havoc on credit markets around the world. Taking no chances, the Fed intervened and orchestrated a workout package with major banks and brokerage firms who had lent LTCM money.

These events so shook confidence that many investors, no longer able to evaluate risks, decided to "disengage" by moving their money into safe Treasury securities. It was a flight to quality and to liquidity. In the words of Fed Chairman Alan Greenspan, he'd "never seen anything quite like it." Yields on long-term treasury bonds fell by 1/2% to 4.7% while yields on other instruments such as corporate bonds fell but only a little and yields on junk bonds actually increased. As interest rate spreads between corporate (as well as mortgage-backed issues) and Treasury bonds widened, money flows into these secondary markets diminished. The market for high yield debt ceased to function as did initial public offerings. Frightened that a deleterious credit crunch was in the making, the Fed cut interest rates on fed funds in late September and again in mid-October and mid-November.

Russia and LTCM brought about a significant reevaluation of risks — a psychological break in confidence. With normal sources of credit unavailable, corporate borrowers turned to (more expensive) bank financing. At the same time, large banks began tightening credit standards. In short, the cost of capital rose significantly, which will have a detrimental effect on business investment as we go forward. The Fed's rate cuts have reduced spreads and money is once again flowing into secondary credit markets, but conditions have not returned to normal; the credit "squeeze" persists. Only time will tell if the Fed has done enough. These events brought to a close the first phase of the Asian financial crisis.

SECOND PHASE WILL BE DIFFERENT

The second phase promises to bring much slower growth to the U.S. economy due to tighter, more expensive credit and depressed exports. U.S. companies are facing a squeeze on profits, which likely will lead to cost-cutting programs since they have little pricing power. A number of companies have already slashed travel expenses and capital spending plans. Announcements of layoffs have surged in recent months, particularly in the financial services sector and among manufacturers, to the highest levels since earlier this decade. Confidence of business executives recently fell to the lowest level in seven years, according to the Conference Board.

Forecasting in an environment such as this is a perilous undertaking, as conditions and perceptions change from day to day. Uncertainties include such questions as where will the hot money go next? Will credit markets return to normal? Is there another shock ahead such as a currency devaluation in Brazil or China? Are there other hedge funds disasters that we don't yet know about? Clearly, the risks are much higher than only a few months ago. A key to the outlook is how much lasting damage there will be to confidence. At this point, we believe that the environment has changed and that next year will be very different than 1997-98.

Next year should bring slower growth but no recession. After a strong gain of 3.6% this year, real GDP should grow 2-2.5% next year followed by an even slower expansion of less than two percent in 2000. Exports will weaken due to poor prospects for Asian recovery. Residential construction will fall modestly as employment growth slows. Business investment will grow very little and consumer spending will grow at half the rate experienced this year.

Risks of recession grew significantly during the crisis, but in the past few weeks the probability has abated from 30-35% to more like 20%, according to The WEFA Group, a world-wide economic consulting and forecasting firm. For the U.S. economy to contract, recession will need to spread from Asia to Latin America and to Europe. If this were to develop, recession in the U.S. likely wouldn't begin until the fourth quarter of 1999. The best bet is for the U.S. economy to continue growing, but at a much more modest pace than recently experienced.

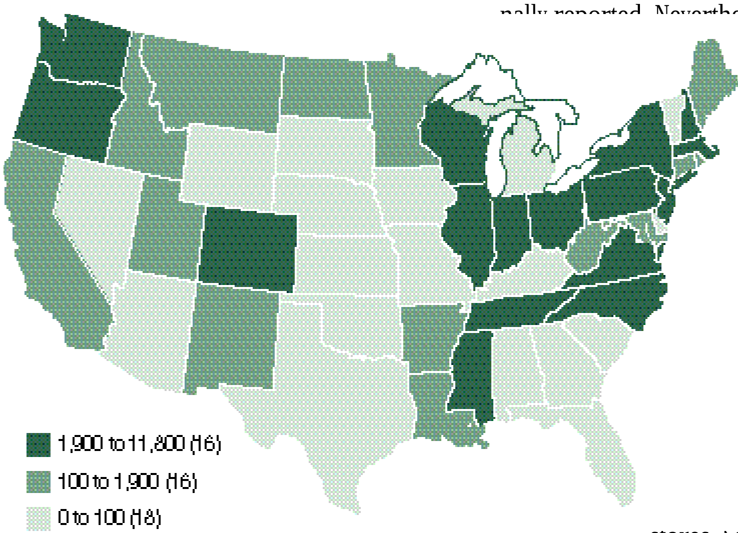
THE ARIZONA ECONOMY: RECENT EVIDENCE

Recent data for Arizona still shows robust growth! The data only stretch through September, so it is still too early to see any effects of recent convulsions in credit markets. Job growth remains strong, consumers are still spending with reckless abandon, population growth remains at high levels, and housing markets are booming. However, there are a few indicators, such as merchandise exports

EXHIBIT 5

Job Losses in Manufacturing

March - September 1998



and orders for industrial goods, that are signaling a slower pace ahead.

First, the good news. In September, the number of non-ag employees stood 5.0% higher than the year before. During 1998, year-over-year comparisons have consistently run in the 4.5-5.0% range, which ranks Arizona as the fastest growing state in the nation.

The unemployment rate has averaged only a bit more than 4.0% this year, with rates touching the mid-two percent range in metro Tucson and Phoenix. Tight labor markets are pushing up wages, although recent revisions by BEA shows smaller increases than originally reported. Nevertheless, wages per employee were still growing by a robust 4.7% in the second quarter of 1998 **(Exhibit 1)**. Retail sales gains in nt months have been ing ahead of last year strong 7.5% on a nth versus 12-month ns that reflect consu- ng binge. The largest been reported at and accessory stores iscellaneous auto- motorcycle and boat stores. Sales at motor vehicle dealers also have been strong.

Restaurant & bar sales have been even stronger with 12- versus 12-month comparisons up a strong 8.3% and accelerating **(Exhibit 2)**. Part of the explanation for recent strength may be the poor tourist season one year ago as El Niño rains dampened enthusiasm for southwest and west coast destinations and as the super-strong U.S. dollar cut into the numbers of foreign visitors. The jump in 1996 reflects a number of large sporting events primarily in the Phoenix area. Included were the Super Bowl, college football's national championship game at the Fiesta Bowl, and professional golf tournaments.

Residential construction in recent months has approached 60,000 units at an annual rate. That will make 1998 the biggest year for residential building in the 1990's. Totals have been boosted by single family construction, which appears headed for 46,000 units in 1998. Multi-family construction is little changed from last year and may finish down slightly. Both single family and apartment construction were down slightly in September from one year earlier, perhaps a precursor of months to come.

Resale housing has been phenomenal in 1998, as the number of units sold soared more than 20% to record levels in Phoenix (nearly 50,000 units per year) and to a near record in Tucson (9,500, up roughly 15%). Mortgage rates below seven percent and strong consumer fundamentals account for the surge. Programs for cash-strapped new homebuyers boosted starter home sales while move-up and second home markets have been strong. The average price of homes sold on the MLS increased by 8.1% in metro Phoenix during the past year and by nearly five percent in Tucson. This price comparison does not control for changes in the quality or size of home sold.

Population growth remains at high levels with an estimated 130,000 net gain during the past year. Household formation, as measured by the number of new electric utility customers, slowed modestly during the past year, but in recent months the pace appears to have accelerated a bit.

PHASE 2 BEGINS TO AFFECT INDUSTRIAL SECTORS

During the past year, strong consumer spending, a boom in housing and large increases in population have fueled Arizona's expansion. During 1997, manufacturing also played a major role, but that has changed in recent months. Effects of the Asian contagion are now affecting exports and employment levels among Arizona manufacturers. Exports declined by nearly $1.5 billion, or 21%, during the first half of 1998 **(Exhibit 3)**. Asian countries account for over $1 billion of the drop. Exporters of electric and electronic equipment are most affected.

EXHIBIT 3

Exports from Arizona to the World, Top Destinations

6-month year to date comparisons, $000s

Destination	96 YTD	97 YTD	% chg	98 YTD	% chg
Asian Countries	2,007,821	3,156,576	57.2	2,056,567	-34.8
Mexico	776,538	918,284	18.3	979,380	6.7
Canada	512,114	583,270	13.9	556,877	-4.5
United Kingdom	484,421	565,654	16.8	379,896	-32.8
Netherlands	100,388	828,900	725.7	319,441	-61.5
Germany	194,296	190,161	-2.1	237,736	25.0
France	155,071	202,507	30.6	211,368	4.4
Russia	2,788	9,809	251.8	78,242	697.7
Ireland	41,711	55,853	33.9	70,801	26.8
Australia	39,411	39,947	1.4	66,424	66.3
Brazil	32,269	54,817	69.9	64,326	17.3
Total, All Countries	**$4,559,767**	**$6,975,746**	**53.0**	**$5,492,790**	**-21.3**

Source: US Department of Commerce, State Export "Zip Code" Database

EXHIBIT 6
Price of Cathode Copper and Arizona Mine Production

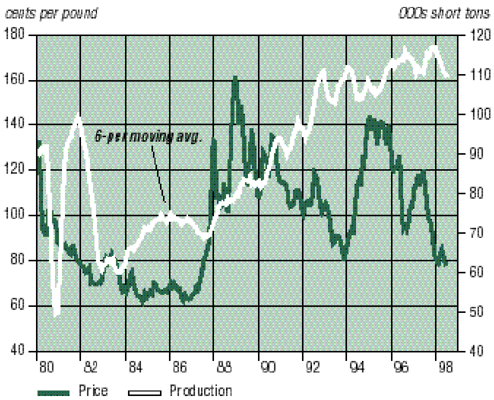


EXHIBIT 7
Purchasing Managers Survey, Arizona

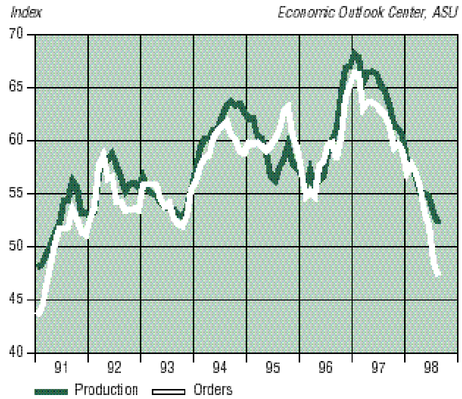
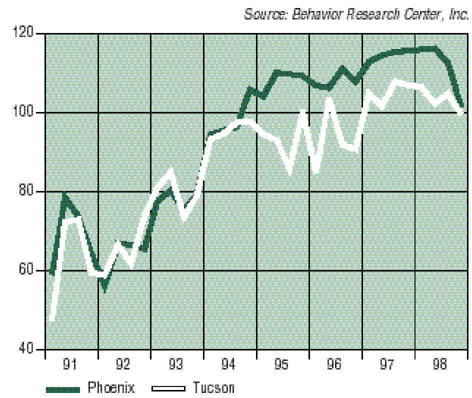


EXHIBIT 8
Consumer Confidence Index (1985=100)



If exports remain at this lower level, 20,000 jobs or more could be in jeopardy. So far, manufacturing employment has leveled off after growing robustly in 1997 **(Exhibit 4)**. Motorola and Intel reduced payrolls by 3,500 (EBR estimates), and numerous small supplier firms have trimmed as well. These cuts have been largely offset by gains in aerospace and instruments manufacturers. Compared to other states, Arizona is one of eighteen states in which manufacturing employment has not declined over the past six months **(Exhibit 5)**.

The Asian crisis also is being felt in the copper industry, where prices of copper cathode are below 80 cents per pound. These are the lowest prices for copper in real terms in many years **(Exhibit 6)**. Copper mining employment has fallen by 10% or 1,000 positions during the past year. Facilities in the Globe area were idled recently and new projects including the scheduled reopening of the mine at Ajo may be postponed.

The fall in exports is reflected in a survey of Arizona Purchasing Management Association members, conducted by the Economic Outlook Center at ASU. In September, the orders component fell to 47.5. A number below 50 suggests that orders are declining **(Exhibit 7)**.

Confidence of business leaders and consumers alike suffered from the recent financial crisis. In Arizona, consumer confidence plunged to a reading of 101.2 during the fourth quarter, down from 115.5 in the second quarter. At this level, confidence remains high and far above readings in the 50's registered during the last recession, but the large drop casts a shadow on future spending. Consumer confidence will be a key to the economy's strength in 1999 **(Exhibit 8)**.

THE OUTLOOK: SLOWER GROWTH AHEAD

During the past year, strong consumer spending and a boom in construction have led the expansion. Both will cool in 1999 and 2000. The profits squeeze will lead to increased layoffs across all industries. As confidence falls, consumers will scale back spending on housing, autos and consumer durables as well as services to more normal levels. The credit squeeze will curtail commercial development, which along with reduced homebuilding, will lead to declining employment in the construction industry. As unemployment rises and the worker shortage disappears, the upward pressure on wages will moderate. The economy will continue to expand but at a rate nearer to long-term averages. Highlights of our forecast numbers for Arizona include:

- Nonfarm employment growth will slow to 3.9% in 1999 and to 3.0% the following year, following a gain of nearly 5.0% this year **(Exhibit 9)**.
- Retail sales gains will slow from 7.1% this year to 6.0% in 1999 and only 4.9% in 2000 **(Exhibit 10)**.
- Population growth will continue growing by roughly 130,000 in 1999, matching this year's increase, before slowing to 123,000 in 2000 and an average of 117,000 over the following three years. In percentage terms, population growth will slow from 2.8% this year to 2.3% by 2002 **(Exhibit 11)**.
- The number of residential building permits will decline by 17% next year to less than 49,000 units. Further retrenchment the following two years takes that down to roughly the 42,000-unit level. This is a "soft landing" for the construction industry as activity remains significantly above levels experienced during recessionary times **(Exhibit 12)**.

Year 2000 growth rates are weaker than in 1999 partly because of the Year 2000 computer problem. Y2K will boost growth slightly in 1999 as resources are engaged to fix systems, and depress growth the following year as 1970's-era Cobol programmers return to retirement. Not all systems will be fixed, however, and disruptions due to computers failing to work will subtract from growth. At this point, the U.S. appears to be "in good shape" but other countries (Europe, which is preoccupied with converting to the EURO and Asia, which is mired in recession) may experience serious problems.

METRO UPDATE AND OUTLOOK

The Metro Phoenix area, defined as Maricopa and Pinal counties, continues to be one of the fastest-growing large metro areas in the nation as well as Arizona's engine of growth. Problems with measuring the workforce by county aside, Phoenix continues to account for the lion's share of new jobs. Of the nearly 100,000 jobs created in Arizona this year, 80,000 are in the Phoenix area.

EXHIBIT 9
Wage & Salary Job Growth, Arizona

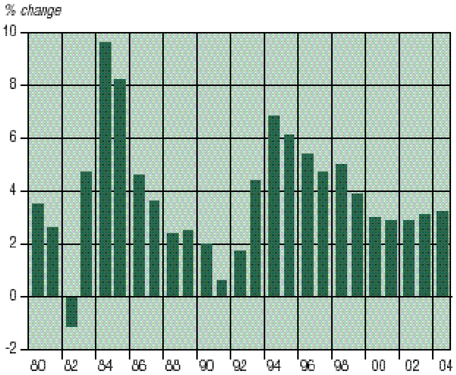


EXHIBIT 10
Retail Sales Growth, Arizona

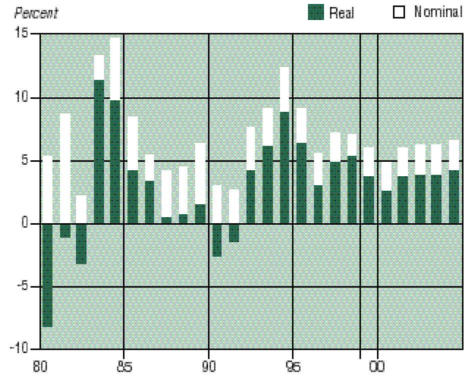


EXHIBIT 11
Annual Changes in Population, Arizona

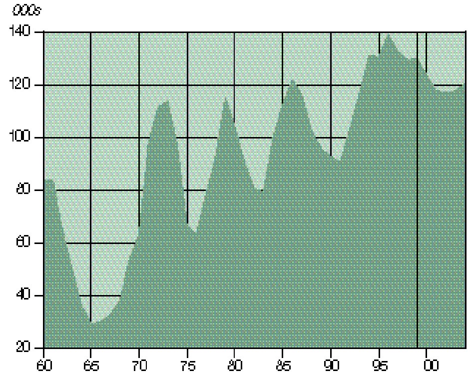
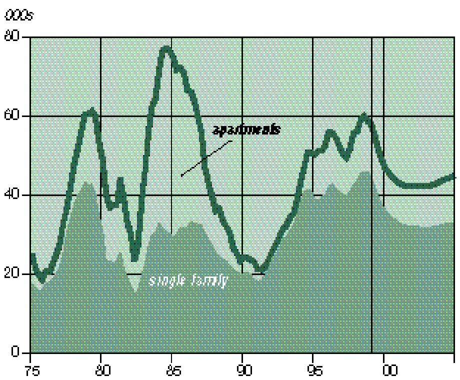


EXHIBIT 12
Total Housing Unite Permits, Arizona



GIVEN THE RECENT SCARE IN FINANCIAL MARKETS, THIS IS A PRETTY SANGUINE OUTLOOK

EXHIBIT 13
Wage & Salary Job Growth, Arizona *(Alternative Scenarios)*

With data through the third quarter, retail sales are growing by 8-8.5% and restaurant and bar sales are up 8.5-9.0%. Residential permits, which are up 15-20%, are fueled by single family activity, making Phoenix once again one of the strongest markets in the country. The unemployment rate has ranged all year between 2.5% and 3.0%, reflecting full employment and tight labor markets.

Next year should bring much slower growth for metro Phoenix, due to the same factors as cited above for Arizona. Commercial construction activity may have already passed its peak and the credit squeeze will adversely affect funding for new projects in the months ahead. Also, job losses in manufacturing are primarily among semiconductor and electrical components firms and most are metro Phoenix employers. This will adversely affect confidence and consumer spending.

Look for metro Phoenix jobs to increase by 4.0% in 1999 and 2.7% in 2000. Retail sales gains will slide into the mid-5% range. Building permits will drop 16.5% in 1999 and another 25% in 2000. Construction employment will drop modestly. This brings Phoenix down from its recent high-wire act to growth rates nearer long-term averages. Unless the export industry is harder hit, no recession is expected.

Metro Tucson, defined as Pima County, continues to experience moderate growth and we expect relative stability to continue. It has been adding 10-11,000 new jobs (as best we can determine, given measurement problems) and 18-20,000 new residents each year. Although Tucson will be affected by declining confidence and the credit squeeze, its export-based industries will continue to grow in the year ahead. Compared to Phoenix where jobs are being trimmed in manufacturing, Tucson employers Raytheon, AlliedSignal, IBM, Bombardier and a host of other smaller firms are continuing to expand payrolls. Tucson's call center industry also continues to expand. This partially insulates the Tucson economy from future economic downdrafts.

Moreover, the construction industry has continued to operate in a responsible fashion over the past few years, so potential cutbacks in financing should have a small effect. For example, only 200-some apartment units have been permitted in 1998 and the supply pipeline is again emptying after a surge of permits in 1997. The total number of residential units built should remain steady or even increase slightly in 1999 and 2000. We look for 6,500-7,000 units each year.

Sales will moderate however, as confidence drops. Retail sales gains will average a little over 5% during the next two years while restaurant and bar sales will settle in the 4-5% range.

FORECAST RISKS

Significant downside risk exists for both manufacturing and mining industries; in our BASE scenario, both have a neutral effect on the economy. If exports weaken even more than we've assumed in the BASE case, these two industries could be hit with large layoffs. In our LOW scenario, some 15,000 manufacturing jobs statewide disappear by the end of 1999 and mining payrolls dip by 2,500. The losses drive consumer confidence much lower with negative effects on sales and the housing market. Retail sales grows by only a little more than 4%, compared to 6.0% projected in the BASE forecast. New home construction would fall by 27.5% rather than 16%. Job growth registers 2.7% compared to 3.9%. That is only 57,000 new jobs compared to nearly 81,000. We assign a subjective probability of 30% to the LOW scenario.

On the bright side, Asian economies could recover more rapidly, boosting U.S. exports and prospects for manufacturing and mining. Consumer confidence recovers (who watches the news, anyway?) and consumers continue their liberal spending patterns of early 1998. Homebuilding declines only modestly, by 11.0%. Job growth continues at 5.0%, matching 1998's strong performance. We assign a probability of 20% to the HIGH scenario. **Exhibit 13** compares the BASE, HIGH and LOW scenarios for nonag job growth.

Given the recent scare in financial markets and the number of knee-jerk forecasts calling for recession that immediately followed, this is a pretty sanguine outlook for Arizona's economy in the years ahead. $

SPONSORS

Arizona Joint Legislative Budget Committee
Arizona Portland Cement
Arizona Public Service Company
Bank One Arizona
CB Richard Ellis
City of Tucson
Coldwell Banker Success Realty
Elliott D. Pollack and Company
Estes/Kaufman & Broad
Pima County
Salt River Project
Territorial Newspapers
Tucson Electric Power Company
Tucson Newspapers
U S WEST Communications
U S WEST Dex

Forecasts for Arizona	1998	1999	2000	2001	2002	2003	2004
Personal Income ($ mill)	110,963.80	118,868.80	127,328.40	136,487.70	145,656.10	155,689.10	166,536.30
percent change	8.8	7.1	7.1	7.2	6.7	6.9	7
Per Capita Personal Income	23,612.40	24,609.90	25,705.50	26,917.40	28,078.80	29,349.20	30,696.10
percent change	5.8	4.2	4.5	4.7	4.3	4.5	4.6
Aggregate Retail Sales ($ mill)*	45,667.40	48,387.90	50,669.50	53,445.40	56,509.90	59,769.30	63,363.60
percent change	6.3	6	4.7	5.5	5.7	5.8	6
Population (000s, mid-year)	4,699.40	4,830.10	4,953.30	5,070.60	5,187.40	5,304.70	5,425.30
percent change	2.8	2.8	2.6	2.4	2.3	2.3	2.3
Net Migration (000s)	91.2	88.1	79.7	77.4	77.8	80	82.8
Wage & Salary Employment (000s)	2,079.60	2,160.20	2,225.30	2,290.10	2,355.50	2,428.70	2,506.10
percent change	5	3.9	3	2.9	2.9	3.1	3.2
Goods-Producing	370	374.1	375.9	379.7	383.6	389.9	398
percent change	4.8	1.1	0.5	1	1	1.6	2.1
Construction	137.1	138.6	135.7	133.8	134.5	137.1	141.1
percent change	5.6	1.1	-2.1	-1.4	0.5	2	2.9
Manufacturing	219.2	221.6	226	231.7	234.9	238.6	242.6
percent change	4.9	1.1	2	2.5	1.4	1.5	1.7
Service-Providing	1,709.50	1,786.00	1,849.30	1,910.30	1,971.80	2,038.80	2,108.10
percent change	5	4.5	3.5	3.3	3.2	3.4	3.4
Trade (Wholesale & Retail)	498.3	517.6	533	550.8	568.9	588.1	608.9
percent change	3.9	3.9	3	3.3	3.3	3.4	3.5
Services	643.6	680.6	715.1	747.9	781.1	817.4	854.2
percent change	6.8	5.7	5.1	4.6	4.4	4.6	4.5

Forecasts for Phoenix-Mesa Metro Area	1998	1999	2000	2001	2002	2003	2004
Personal Income ($ mill)	77,626.60	83,715.40	89,713.60	95,851.60	102,277.80	109,164.80	116,820.90
percent change	9.5	7.8	7.2	6.8	6.7	6.7	7
Per Capita Personal Income	26,355.50	27,559.50	28,731.70	29,932.50	31,169.90	32,461.50	33,882.40
percent change	6	4.6	4.3	4.2	4.1	4.1	4.4
Aggregate Retail Sales ($ mill)*	31,574.20	33,330.50	35,100.80	36,866.00	38,736.20	40,713.90	42,896.00
percent change	7.8	5.6	5.3	5	5.1	5.1	5.4
Population (000s, mid-year)	2,945.40	3,037.60	3,122.50	3,202.30	3,281.30	3,362.90	3,447.80
percent change	3.3	3.1	2.8	2.6	2.5	2.5	2.5
Net Migration (000s)	66.3	62.1	53.4	47.6	46.4	48.5	51.3
Wage & Salary Employment (000s)	1,473.90	1,533.20	1,574.90	1,608.90	1,645.40	1,688.50	1,737.10
percent change	5.7	4	2.7	2.2	2.3	2.6	2.9
Goods-Producing	280.7	285.4	283.4	279.7	278.2	280.7	286.1
percent change	5.4	1.7	-0.7	-1.3	-0.5	0.9	1.9
Construction	104.7	106.4	102.6	98.7	96.4	97.4	100.5
percent change	7.8	1.6	-3.6	-3.8	-2.3	1	3.2
Manufacturing	169.5	172.5	174.2	174.5	175.2	176.7	179
percent change	4.1	1.8	1	0.1	0.4	0.9	1.3
Service-Providing	1,193.20	1,247.80	1,291.60	1,329.20	1,367.20	1,407.80	1,451.00
percent change	5.8	4.6	3.5	2.9	2.9	3	3.1
Trade (Wholesale & Retail)	359.3	375.2	388.8	401.7	414.4	427.4	442.1
percent change	5.4	4.4	3.6	3.3	3.2	3.1	3.4
Services	468	492	512.3	529.4	546.7	565.4	584.3
percent change	6.4	5.1	4.1	3.3	3.3	3.4	3.3

Forecasts for Tucson Metro Area	1998	1999	2000	2001	2002	2003	2004
Personal Income ($ mill)	18,002.00	19,104.20	20,371.50	21,744.80	23,132.70	24,540.60	26,124.10
percent change	6.6	6.1	6.6	6.7	6.4	6.1	6.5
Per Capita Personal Income	22,094.20	22,944.30	23,952.70	25,059.60	26,147.20	27,214.00	28,340.70
percent change	4	3.8	4.4	4.6	4.3	4.1	4.1
Aggregate Retail Sales ($ mill)*	7,311.40	7,612.60	8,022.60	8,464.60	8,911.00	9,344.10	9,834.00
percent change	5.4	4.1	5.4	5.5	5.3	4.9	5.2
Population (000s, mid-year)	814.8	832.6	850.5	867.7	884.7	901.8	921.8
percent change	2.5	2.2	2.1	2	2	1.9	2.2
Net Migration (000s)	15.6	13.8	13.8	13.2	12.9	12.9	15.8
Wage & Salary Employment (000s)	327.9	339	349.1	358.7	368	377.8	389.3
percent change	3.2	3.4	3	2.7	2.6	2.6	3.1
Goods-Producing	51.8	53.4	54.9	56.1	57.1	58.1	59.7
percent change	2.7	3.1	2.7	2.2	1.8	1.7	2.7
Construction	19.9	20.4	21.1	21.7	22.2	22.7	23.7
percent change	1.8	2.4	3.3	2.8	2.3	2.1	4.3
Manufacturing	29.2	30	30.6	31.2	31.7	32.2	32.7
percent change	3.1	2.8	1.9	1.8	1.6	1.6	1.6
Service-Providing	276.1	285.6	294.2	302.6	310.9	319.7	329.7
percent change	3.2	3.5	3	2.8	2.8	2.8	3.1
Trade (Wholesale & Retail)	70.6	72.4	74.4	76.8	79	81.3	83.9
percent change	2.8	2.5	2.8	3.2	3	2.8	3.2
Services	105.1	110.5	115.3	119.7	124.3	129	134.1
percent change	3.6	5.1	4.4	3.8	3.9	3.8	3.9

** Aggregate Retail Sales includes retail, food, restaurant & bars and gasoline sales.*

Source: Economic and Business Research Program, Karl Eller Graduate School of Management, College of Business and Public Administration, The University of Arizona

	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
YUMA METROPOLITAN REGION							
Civilian Labor Force, ADES	70,375	70,975	76,300	73,750	66,200	2.0	2.7
Employment	47,875	46,775	49,100	49,425	49,650	6.1	5.6
Unemployment	22,500	24,200	27,200	24,325	16,550	-8.6	-4.6
Unemployment Rate (%)	32.0	34.1	35.6	33.0	25.0	-10.4	-8.3
Employees on Nonagricultural Payrolls, ADES							
Total	37,600	36,000	37,400	38,600	39,500	5.3	3.6
Mining	0	0	0	0	0	...	...
Construction	2,800	2,800	2,800	2,700	2,700	3.8	15.9
Manufacturing	1,800	1,800	1,800	1,800	1,800	0.0	0.5
Trans., Comm. & Publ. Util.	1,300	1,300	1,200	1,200	1,100	-21.4	-11.7
Trade	10,900	10,400	10,300	10,500	11,200	-1.8	-0.5
Finance, Ins. & Real Estate	1,200	1,200	1,200	1,200	1,200	0.0	-1.3
Services	8,600	8,500	8,500	8,600	8,700	0.0	2.0
Government	11,000	10,000	11,600	12,600	12,800	23.1	10.1
Sales ($000s) ADOR							
Gross Retail	66,849	59,193	61,527	68,435	...	6.9	6.5
Retail	53,608	45,908	48,380	55,989	...	10.2	7.3
Restaurants & Bar	6,887	6,845	6,277	6,436	...	-0.6	2.4
Gasoline, EBR	6,354	6,440	6,870	6,010	...	-11.2	5.1
Gallons (000s) ADOT	5,704	6,055	6,631	5,790	...	13.8	16.0
Contracting	17,001	17,659	13,016	13,962	...	-17.3	35.6
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total	16,165	13,155	14,454	21,776	11,852	-0.3	-17.0
Residential Building	8,025	8,153	7,871	6,636	8,583	15.9	8.2
Non-Residential Building	7,412	2,238	1,066	6,151	3,187	38.4	-48.4
Non-Building	728	2,764	5,517	8,989	82	-96.2	34.7
Number of Dwelling Units Awarded, F.W. Dodge							
Total	91	96	105	79	97	19.8	12.3
One Family Houses	91	90	105	79	97	19.8	12.0
MOHAVE-LA PAZ REGION							
Civilian Labor Force, ADES	71,025	72,100	72,125	71,625	71,700	5.4	4.8
Employment	67,850	69,025	69,100	68,525	69,000	7.0	6.5
Unemployment	3,175	3,075	3,025	3,100	2,700	-23.4	-22.1
Unemployment Rate (%)	4.5	4.3	4.2	4.3	3.8	-27.4	-25.5
Employees on Nonagricultural Payrolls, ADES							
Total	42,000	42,400	42,700	42,600	42,900	3.1	4.3
Mining	200	200	200	200	200	0.0	0.0
Construction	2,700	2,800	2,800	2,700	2,900	-3.3	-10.6
Manufacturing	3,300	3,300	3,500	3,500	3,500	12.9	4.5
Trans., Comm. & Publ. Util.	2,100	2,200	2,200	2,200	2,200	4.8	5.9
Trade	13,400	13,500	13,500	13,400	13,700	7.9	7.8
Finance, Ins. & Real Estate	1,300	1,200	1,200	1,100	1,100	-21.4	-12.0
Services	10,800	11,000	11,000	11,000	10,900	3.8	6.4
Government	8,200	8,200	8,300	8,500	8,400	-2.3	4.4
Sales ($000s) ADOR							
Gross Retail	93,202	88,495	84,125	85,683	...	13.5	5.9
Retail	70,268	65,215	62,254	64,644	...	16.9	8.2
Restaurants & Bar	11,567	11,854	11,118	10,970	...	18.6	6.5
Gasoline, EBR	11,367	11,426	10,753	10,069	...	-8.2	-6.0
Gallons (000s) ADOT	10,204	10,743	10,380	9,701	...	17.6	3.5
Contracting	20,350	19,666	19,033	19,096	...	21.5	12.1
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total	31,235	23,865	26,277	36,748	19,132	-5.7	42.6
Residential Building	15,367	12,460	13,048	13,568	14,285	-6.5	14.4
Non-Residential Building	8,771	1,686	10,775	14,815	1,612	-66.8	78.1
Non-Building	7,097	9,719	2,454	8,365	3,235	1987.1	72.2
Number of Dwelling Units Awarded, F.W. Dodge							
Total	172	138	141	145	143	-14.9	15.6
One Family Houses	168	138	139	141	143	-13.9	15.1

See notes at bottom of Arizona - Quarterly table.

	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
COCHISE-SANTA CRUZ REGION							
Civilian Labor Force, ADES	54,600	55,775	56,400	57,000	55,725	2.5	1.1
Employment	49,850	50,325	50,400	50,300	50,175	5.4	4.6
Unemployment	4,750	5,450	6,000	6,700	5,550	-17.8	-23.7
Unemployment Rate (%)	8.7	9.8	10.6	11.8	10.0	-19.8	-24.6
Employees on Nonagricultural Payrolls, ADES							
Total	42,800	42,500	42,600	43,400	43,500	5.3	3.9
Mining	0	100	100	100	100	...	100.0
Construction	1,900	2,000	1,900	1,900	2,000	0.0	1.8
Manufacturing	2,300	2,300	2,300	2,400	2,400	0.0	0.4
Trans., Comm. & Publ. Util.	2,400	2,300	2,300	2,300	2,300	0.0	-0.4
Trade	12,200	12,100	12,000	12,100	12,100	8.0	6.5
Finance, Ins. & Real Estate	900	900	900	800	800	0.0	-8.3
Services	9,300	9,400	9,300	9,500	9,500	3.3	2.9
Government	13,800	13,400	13,800	14,300	14,300	6.7	4.7
Sales ($000s) ADOR							
Gross Retail	70,102	66,400	66,797	67,624	...	4.2	8.7
Retail	55,986	52,463	51,853	52,807	...	4.6	10.2
Restaurants & Bar	7,750	7,485	7,507	7,840	...	5.0	6.3
Gasoline, EBR	6,366	6,452	7,437	6,977	...	0.3	0.0
Gallons (000s) ADOT	5,715	6,066	7,179	6,722	...	28.5	10.8
Contracting	17,330	11,109	11,461	13,530	...	-2.1	3.3
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total	12,180	9,500	13,172	16,967	13,526	-5.2	0.1
Residential Building	8,627	8,222	7,608	9,541	7,166	-41.2	-0.7
Non-Residential Building	262	637	4,010	1,058	5,808	256.1	23.6
Non-Building	3,291	641	1,554	6,368	552	23.8	-16.7
Number of Dwelling Units Awarded, F.W. Dodge							
Total	83	97	81	95	84	-45.8	-2.6
One Family Houses	81	97	77	93	84	-8.7	5.3
GILA-GRAHAM-GREENLEE REGION							
Civilian Labor Force, ADES	35,175	35,700	36,100	35,800	35,375	3.4	4.0
Employment	32,475	33,050	33,450	33,150	32,925	4.4	5.0
Unemployment	2,700	2,650	2,650	2,650	2,450	-8.4	-7.4
Unemployment Rate (%)	7.7	7.4	7.3	7.4	6.9	-11.5	-11.0
Employees on Nonagricultural Payrolls, ADES							
Total	26,600	26,500	27,000	27,200	26,900	3.1	3.8
Mining	3,000	3,000	3,000	3,000	2,900	-6.5	-0.3
Construction	1,900	1,900	1,900	2,000	1,900	5.6	-1.3
Manufacturing	2,000	2,000	2,000	2,000	2,000	5.3	4.9
Trans., Comm. & Publ. Util.	900	900	900	900	800	0.0	5.2
Trade	6,300	6,300	6,400	6,300	6,200	6.9	6.0
Finance, Ins. & Real Estate	400	400	400	400	400	0.0	0.0
Services	4,400	4,300	4,400	4,300	4,300	2.4	0.8
Government	7,700	7,700	8,000	8,300	8,400	3.7	6.6
Sales ($000s) ADOR							
Gross Retail	44,143	42,164	41,392	41,067	...	2.1	1.4
Retail	34,023	32,153	31,465	31,763	...	2.0	2.5
Restaurants & Bar	6,031	5,791	5,292	4,809	...	0.6	0.8
Gasoline, EBR	4,089	4,220	4,635	4,495	...	4.2	-6.2
Gallons (000s) ADOT	3,671	3,968	4,474	4,331	...	33.5	4.0
Contracting	12,581	14,910	16,323	10,427	...	1.9	1.0
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total	16,669	5,793	11,195	6,289	12,148	93.4	9.5
Residential Building	6,474	3,650	4,088	4,327	4,735	-6.8	-9.1
Non-Residential Building	7,057	2,143	2,108	450	5,894	...	154.0
Non-Building	3,138	0	4,999	1,512	1,519	26.6	-17.6
Number of Dwelling Units Awarded, F.W. Dodge							
Total	52	39	51	43	39	-17.0	-4.7
One Family Houses	52	39	47	43	39	-17.0	0.4

See notes at bottom of Arizona - Quarterly table.

	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
APACHE-NAVAJO REGION							
Civilian Labor Force, ADES	51,250	51,225	51,250	49,775	48,950	0.7	0.8
Employment	42,475	42,325	43,325	43,350	43,225	3.8	3.8
Unemployment	8,775	8,900	7,925	6,425	5,725	-17.9	-13.9
Unemployment Rate (%)	17.1	17.4	15.5	12.9	11.7	-18.5	-14.6
Employees on Nonagricultural Payrolls, ADES							
Total	41,600	41,000	41,600	42,400	42,500	2.9	3.0
Mining	900	900	900	900	900	0.0	0.0
Construction	1,800	1,800	1,700	1,700	1,700	-15.0	-10.0
Manufacturing	1,700	1,700	1,700	1,700	1,700	0.0	4.1
Trans., Comm. & Publ. Util.	2,600	2,600	2,600	2,600	2,600	8.3	-1.3
Trade	7,600	7,600	7,700	7,600	7,800	4.0	1.0
Finance, Ins. & Real Estate	1,100	1,100	1,100	1,100	1,100	0.0	-1.5
Services	8,500	8,300	8,500	8,400	8,200	0.0	-0.3
Government	17,400	17,000	17,400	18,400	18,500	5.7	8.3
Sales ($000s) ADOR							
Gross Retail	65,999	63,787	63,847	63,228	...	8.1	9.8
Retail	52,539	49,354	50,898	51,084	...	11.5	14.1
Restaurants & Bar	6,291	7,376	6,514	6,168	...	13.1	6.7
Gasoline, EBR	7,169	7,057	6,435	5,976	...	-16.8	-11.2
Gallons (000s) ADOT	6,435	6,635	6,211	5,758	...	6.5	-2.2
Contracting	9,907	12,310	11,385	13,881	...	34.5	8.9
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total	13,266	14,549	13,464	17,970	9,584	-35.0	-8.0
Residential Building	7,465	6,787	5,013	6,428	6,362	20.4	0.2
Non-Residential Building	2,191	7,152	4,867	6,852	82	-99.0	-10.3
Non-Building	3,610	610	3,584	4,690	3,140	100.4	-17.1
Number of Dwelling Units Awarded, F.W. Dodge							
Total	82	69	50	61	60	20.0	12.9
One Family Houses	64	69	50	61	53	10.4	-3.2
COCONINO-YAVAPAI REGION							
Civilian Labor Force, ADES	121,025	122,675	120,950	122,250	124,650	2.1	2.8
Employment	114,075	115,550	114,875	116,375	119,725	3.6	3.8
Unemployment	6,950	7,125	6,075	5,875	4,925	-24.8	-12.1
Unemployment Rate (%)	5.7	5.8	5	4.8	4	-26.4	-14.5
Employees on Nonagricultural Payrolls, ADES							
Total	97,200	96,700	96,600	99,500	100,700	2.4	4.2
Mining	1,000	1,000	900	1,000	1,000	11.1	1.8
Construction	6,600	6,600	6,700	6,600	6,600	1.5	1.7
Manufacturing	6,500	6,600	6,600	6,700	6,700	1.5	-0.4
Trans., Comm. & Publ. Util.	3,400	3,400	3,400	3,400	3,400	3.0	3.4
Trade	25,700	25,700	25,900	25,900	26,000	-0.4	1.0
Finance, Ins. & Real Estate	3,000	2,900	2,900	2,900	2,900	3.6	4.0
Services	27,800	27,900	28,000	27,900	27,700	3.0	6.3
Government	23,200	22,600	22,200	25,100	26,400	4.8	7.6
Sales ($000s) ADOR							
Gross Retail	189,386	183,795	191,292	181,562	...	1.1	2.6
Retail	140,453	133,483	138,182	133,370	...	6.2	5.0
Restaurants & Bar	34,910	35,650	37,721	34,367	...	-3.7	5.0
Gasoline, EBR	14,023	14,662	15,389	13,825	...	-24.4	-18.9
Gallons (000s) ADOT	12,588	13,786	14,854	13,320	...	-3.1	-10.5
Contracting	47,975	50,127	51,419	47,965	...	-0.3	1.8
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total	36,583	37,032	55,330	67,210	38,219	-33.9	-4.4
Residential Building	25,082	25,735	24,274	24,647	23,969	-16.6	-2.7
Non-Residential Building	5,967	8,048	19,240	2,372	8,111	-64.3	-11.6
Non-Building	5,534	3,249	11,816	40,191	6,139	-4.3	-1.6
Number of Dwelling Units Awarded, F.W. Dodge							
Total	229	232	267	308	211	-15.6	11.5
One Family Houses	218	228	204	224	205	8.5	21.8

See notes at bottom of Arizona - Quarterly table.

	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADES	1505.0	1514.8	1513.8	1532.8	1526.3	5.0	5.8
Employment	1464.4	1473.2	1469.5	1483.5	1485.4	5.4	6.4
Unemployment	40.6	41.6	44.3	49.3	40.9	-6.2	-12.5
Unemployment Rate, Seas. Adj. (%)	2.6	2.5	2.7	2.8	2.5	-10.7	-18.1
Employees on Nonagricultural Payrolls (000s) ADES							
Total	1449.8	1431.9	1436.9	1474.0	1482.2	5.0	5.6
Mining	6.0	6.0	6.0	6.0	5.9	-10.6	-2.0
Construction	99.7	100.5	101.5	102.2	103.5	7.6	5.3
Manufacturing	169.8	169.9	169.8	169.5	169.3	3.4	5.6
Durable	129.6	129.6	129.2	128.6	128.7	3.3	6.5
Nondurable	40.2	40.3	40.6	40.9	40.6	3.6	3.0
Trans., Comm. & Publ. Util.	74.3	74.5	75.0	76.0	76.3	6.1	5.8
Trade	352.3	348.0	349.3	352.8	356.3	4.5	4.9
Wholesale	89.5	89.0	89.1	89.3	89.7	4.1	5.2
Retail	262.8	259.0	260.2	263.5	266.6	4.7	4.8
Finance, Ins. & Real Estate	115.6	115.7	115.8	116.6	117.7	8.0	8.4
Services	462.0	457.9	459.2	462.4	465.4	5.2	6.3
Government	170.1	159.4	160.3	188.5	187.8	3.6	3.5
Sales ($000s) ADOR							
Aggregate Retail Sales	2,687,213	2,435,389	2,421,473	2,523,089	...	6.6	7.5
Retail	1,925,058	1,715,715	1,696,535	1,784,026	...	7.1	7.9
Food, EBR	349,237	336,045	336,625	345,600	...	9.9	9.3
Restaurants & Bars	295,287	265,689	263,224	276,632	...	8.0	9.2
Gasoline, EBR	117,631	117,940	125,089	116,831	...	-9.8	-5.3
Contracting	666,845	610,671	590,930	596,404	...	8.9	16.6
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total Awards	781,822	583,008	604,551	669,047	651,069	-0.9	-5.1
Residential Building	415,168	423,255	373,001	385,274	387,088	2.3	-5.2
Non-Residential Building	248,373	113,025	172,066	158,115	149,134	-35.6	-3.1
Non-Building	118,281	46,728	59,484	125,658	114,847	146.3	-8.8
New Housing Units Authorized, Census C-40							
Total Units	4,753	4,526	4,186	4,124	3,054	-24.5	14.9
Single Family Units	3,418	3,298	3,034	2,909	2,924	11.6	14.0
2-4 Unit Structures	32	68	45	72	88	57.1	-4.7
5-plus Unit Structures	1,303	1,160	1,107	1,143	42	-96.9	29.3
Housing Sales and Prices, ARMLS							
Total Sales ($000s)	670,259	747,301	673,470	586,596	656,925	19.5	23.2
Total Units	4,334	5,024	4,528	3,979	4,584	16.6	14.8
Average Price ($)	154,651	148,746	148,735	147,423	143,308	2.5	7.5
Phoenix Skyharbor International Airport, PSIA							
Total Passengers	2,719,688	2,768,030	2,623,694	2,351,397	...	7.0	2.7
Total Aircraft Movements	43,861	43,580	43,435	43,354	...	7.0	1.6

PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL) - QUARTERLY DATA	III 97	IV 97	I 98	II 98	III 98	% change versus year ago for: most recent quarter	most recent 4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	2862.1	2885.9	2909.7	2933.5	2957.2	3.3	3.3
Natural Increase	6.9	7.0	7.0	7.1	7.2	4.8	4.7
Births	12.3	12.4	12.5	12.6	12.8	4.1	3.7
Deaths	5.4	5.4	5.5	5.5	5.6	3.3	2.4
Net Migration	16.4	16.9	16.7	16.6	16.6	0.9	6.6
Personal Income by Source ($mil, SAAR) EBR							
Total Personal Income	71,747	73,429	75,094	76,782	78,471	9.4	9.7
Earnings by Place of Work	52,555	53,974	55,382	56,783	58,184	10.7	10.9
Less: Contributions for Social Insurance	3,616	3,707	3,797	3,886	3,974	9.9	9.9
Plus: Adjustment for Residence	-172	-172	-174	-174	-174	-1.1	1.0
Plus: Dividends, Interest & Rent	12,666	12,909	13,147	13,399	13,652	7.8	8.5
Plus: Transfer Payments	10,314	10,426	10,536	10,660	10,784	4.6	5.3
Per Capita Personal Income ($, SAAR) EBR	25,068	25,444	25,808	26,175	26,535	5.9	6.2

See notes at bottom of Arizona - Quarterly table.

	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADES	368.5	365.6	368.4	368.3	371.7	2.7	3.0
Employment	358.1	355.5	358.0	357.1	362.6	3.8	3.7
Unemployment	10.4	10.1	10.4	11.2	9.1	-26.6	-17.0
Unemployment Rate, Seas. Adj. (%)	2.7	2.6	2.7	2.8	2.3	-28.1	-18.5
Employees on Nonagricultural Payrolls (000s) ADES							
Total	320.2	311.8	316.1	320.2	326.7	3.5	2.9
Mining	2.3	2.3	2.3	2.3	2.3	-4.2	-1.4
Construction	20.9	21.1	20.9	21.2	21.1	6.6	6.9
Manufacturing	29.5	29.5	29.5	29.4	29.6	4.2	2.8
Durable	23.1	23.1	23.1	23.0	23.2	3.6	2.1
Nondurable	6.4	6.4	6.4	6.4	6.4	6.7	5.5
Trans., Comm. & Publ. Util.	13.5	13.4	13.5	13.5	13.4	1.5	0.1
Trade	69.2	68.8	69.3	69.7	70.9	3.8	2.9
Wholesale	11.2	11.2	11.3	11.3	11.5	5.5	5.2
Retail	58.0	57.6	58.0	58.4	59.4	3.5	2.5
Finance, Ins. & Real Estate	12.6	12.5	12.6	12.7	12.9	6.6	5.9
Services	100.6	99.7	99.7	101.2	102.3	3.5	2.4
Government	71.6	64.5	68.3	70.2	74.2	1.9	2.9
Sales ($000s) ADOR							
Aggregate Retail Sales	590,975	570,343	563,452	570,821	...	4.8	5.1
Retail	406,424	392,863	384,087	390,113	...	6.7	6.0
Food, EBR	86,316	83,055	83,199	85,417	...	6.5	6.1
Restaurants & Bars	67,250	64,338	65,819	65,606	...	2.7	8.1
Gasoline, EBR	30,986	30,087	30,348	29,686	...	-15.6	-12.1
Contracting	107,582	101,752	93,219	97,183	...	8.4	4.0
Value of Construction Contract Awards ($000s) F.W. Dodge							
Total Awards	101,196	72,508	74,113	118,386	70,663	-29.2	-15.2
Residential Building	55,728	52,946	39,223	49,532	43,612	-35.4	-16.2
Non-Residential Building	35,089	14,762	20,106	55,370	13,311	-41.3	-11.2
Non-Building	10,379	4,800	14,784	13,484	13,740	43.3	-20.4
New Housing Units Authorized, Census C-40							
Total Units	675	715	604	616	633	31.3	15.6
Single Family Units	643	666	561	587	560	39.4	32.2
2-4 Unit Structures	0	18	0	4	14	...	0.0
5-plus Unit Structures	0	0	18	0	0	...	-32.9
Housing Sales and Prices, TAR							
Total Sales ($000s)	146,412	139,737	110,500	109,123	100,094	0.1	16.8
Total Units	967	1,015	820	816	761	4.0	11.9
Average Price ($)	151,409	137,672	134,756	133,729	131,530	-3.7	3.8
Tucson International Airport, TAA							
Total Passengers	275,023	280,169	267,667	253,226	285,039	-1.6	-1.1
Total Aircraft Movements	19,545	19,851	20,904	22,796	26,918	28.5	7.3

TUCSON METROPOLITAN REGION (PIMA) - QUARTERLY DATA	III 97	IV 97	I 98	II 98	III 98	% change versus year ago for: most recent quarter	most recent 4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	797.5	802.4	807.4	812.3	817.3	2.5	2.5
Natural Increase	1.1	1.1	1.1	1.1	1.0	-3.6	-3.4
Births	2.8	2.8	2.8	2.8	2.8	0.1	0.2
Deaths	1.8	1.8	1.8	1.8	1.8	2.3	2.4
Net Migration	3.8	3.9	3.9	3.9	3.9	3.7	11.2
Personal Income by Source ($mil, SAAR) EBR							
Total Personal Income	17,036	17,311	17,584	17,863	18,141	6.5	6.7
Earnings by Place of Work	10,479	10,675	10,868	11,064	11,261	7.5	7.6
Less: Contributions for Social Insurance	728	743	757	771	786	8.0	8.1
Plus: Adjustment for Residence	221	226	231	235	239	8.3	7.0
Plus: Dividends, Interest & Rent	3,743	3,792	3,842	3,890	3,939	5.2	5.4
Plus: Transfer Payments	3,321	3,361	3,401	3,444	3,488	5.0	5.6
Per Capita Personal Income ($, SAAR) EBR	21,361	21,573	21,780	21,990	22,198	3.9	4.2

See notes at bottom of Arizona - Quarterly table.

	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADES	2277.1	2289.4	2295.2	2311.3	2300.5	4.2	4.8
Employment	2177.1	2186.3	2187.7	2201.7	2212.7	5.0	5.7
Unemployment	100.0	103.1	107.5	109.6	87.8	-12.7	-12.4
Unemployment Rate, Seas. Adj. (%)	4.0	3.8	4.1	4.2	3.6	-16.3	-16.2
Employees on Nonagricultural Payrolls (000s) ADES							
Total	2051.1	2023.8	2038.2	2085.2	2101.9	4.5	4.6
Mining	13.4	13.3	13.3	13.2	13.1	-7.7	-2.0
Construction	137.2	138.4	139.6	141.0	142.2	6.1	4.2
Manufacturing	216.3	217.0	217.3	217.2	216.8	3.1	4.8
Durable	163.8	164.4	164.2	163.8	163.6	3.0	5.2
Nondurable	52.5	52.6	53.1	53.4	53.2	3.3	3.5
Trans., Comm. & Publ. Util.	99.3	99.3	99.8	100.5	101.0	4.2	3.5
Transportation	63.4	63.0	63.4	63.9	64.4	3.5	3.2
Trade	496.0	490.4	492.5	497.6	503.4	4.5	4.1
Wholesale	111.0	110.5	110.5	111.0	112.0	4.6	4.9
Retail	385.0	379.9	382.0	386.6	391.4	4.5	3.9
Finance, Ins. & Real Estate	134.7	134.8	134.8	135.2	136.4	5.4	6.5
Services	632.4	629.4	630.4	634.7	637.9	5.0	5.7
Government	321.8	301.2	310.5	346.1	351.1	4.4	3.5
Federal	43.0	43.1	43.7	44.5	44.3	3.0	0.1
State & Local	278.8	258.1	266.8	301.6	306.8	4.6	4.0
Schools	142.8	121.1	131.3	162.8	173.3	5.2	3.9
Hours Worked Per Week, Manufacturing, ADES	40.0	40.0	40.1	39.4	39.5	-4.6	-1.9
Average Hourly Earnings ($) ADES							
Copper Mining	16.94	17.16	17.22	17.56	17.27	6.4	2.4
Construction	14.34	14.07	13.97	13.88	13.87	1.1	2.2
Manufacturing	12.40	12.43	12.44	12.48	12.38	6.2	3.7
Utilities	17.28	17.31	17.25	17.48	17.44	-1.4	-1.9
Retail Trade	11.78	11.94	11.97	11.56	11.36	-3.3	2.2
Wholesale Trade	13.04	13.41	13.78	13.58	13.13	-0.5	0.6
Sales ($000s) ADOR							
Aggregate Retail Sales	3,888,448	3,587,102	3,571,575	3,681,249	...	5.9	6.6
Retail	2,738,359	2,487,154	2,463,654	2,563,796	...	7.2	7.5
Food, EBR	516,132	496,635	497,493	510,756	...	7.0	6.8
Restaurants & Bars	435,973	405,028	403,472	412,828	...	6.1	8.3
Gasoline, EBR	197,985	198,285	206,955	193,869	...	-11.6	-7.2
Gallons (000s) ADOT	177,724	186,428	199,764	186,789	...	13.2	2.5
Utilities	426,877	531,172	531,521	512,957	...	0.5	5.4
Communications	171,648	167,414	166,796	167,979	...	-5.5	12.7
Amusements	60,516	43,661	41,213	34,329	...	-17.2	1.5
Rentals - Real Property	20,007	689	20,451	1,241	...	-86.2	-94.5
Rentals - Personal Property	284,243	259,709	247,007	260,631	...	14.3	17.9
Contracting	899,571	838,204	806,786	812,448	...	8.0	13.6
Mining - Metal, Oil & Gas	89,938	91,632	77,434	86,649	...	-25.0	-25.1
Hotel/Motel	116,698	85,853	92,648	110,117	...	-2.1	5.2
Value of Construction Contract Awards ($000s)							
Total Awards	1,009,116	759,410	812,556	954,393	826,193	-6.3	-5.2
Residential Building	541,936	541,208	474,126	499,953	495,800	-4.6	-5.7
Non-Residential Building	315,122	149,691	234,238	245,183	187,139	-36.3	-3.8
Non-Building	152,058	68,511	104,192	209,257	143,254	110.1	-5.8
New Housing Units Authorized, Census C-40							
Total Units	5,990	5,825	5,308	5,232	4,196	-17.9	12.4
Single Family Units	4,606	4,513	4,069	3,982	3,995	12.1	13.2
2-4 Unit Structures	63	128	58	97	118	45.7	2.
5-plus Unit Structures	1,321	1,184	1,181	1,153	83	-94.3	44.6
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	2,102	2,065	1,962	2,067	2,230	-0.8	-3.1
Chapter 7	1,674	1,642	1,608	1,707	1,846	3.6	-0.1
Chapter 11	32	22	15	20	38	72.7	7.0
Chapter 13	396	401	339	340	343	-22.7	-14.7

See notes at bottom of Arizona - Quarterly table.

	III 97	IV 97	I 98	II 98	III 98	% change versus year ago for: most recent quarter	most recent 4-quarters
ARIZONA QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	4587.0	4618.8	4650.8	4683.2	4715.8	2.8	2.8
Natural Increase	9.9	9.7	9.9	9.8	9.8	-0.1	0.4
Births	18.8	19.0	19.2	19.2	19.3	2.7	1.8
Deaths	8.9	9.3	9.4	9.4	9.5	5.9	3.3
Net Migration	22.1	22.0	22.5	22.6	23.0	3.9	-2.1
Personal Income Derivation ($mil, SAAR) EBR							
Total Personal Income	102,718	105,223	108,197	109,884	111,861	8.9	8.9
Earnings by Place of Work	71,159	73,222	75,548	76,847	78,548	10.4	10.3
Less: Contributions for Social Insurance	4,908	5,025	5,200	5,274	5,370	9.4	9.3
Plus: Adjustment for Residence	267	268	270	271	273	2.2	2.2
Plus: Dividends, Interest & Rent	18,644	19,013	19,449	19,710	19,980	7.2	7.0
Plus: Transfer Payments	17,556	17,745	18,130	18,329	18,430	5.0	5.8
Components of Earnings ($mil, SAAR) BEA							
Wages and Salaries	58,231	59,875	60,989	62,388	...	9.5	9.5
Other Labor Income	5,619	5,711	5,798	5,896	...	5.8	4.5
Proprietor's Income	7,205	7,266	7,399	7,565	...	7.5	7.2
Farm	396	319	274	321	...	-18.7	-19.3
Nonfarm	6,809	6,947	7,125	7,244	...	9.0	8.9
Per Capita Personal Income ($, SAAR) EBR	22393.2	22781.5	23264.3	23463.5	23720.5	5.9	5.9
Average Wage Per Employee, Annual Rate ($) EBR	28802.4	29265.0	29412.0	29793.2	...	4.8	4.9

TRAVEL AND TOURISM	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
Visits to Parks & Other Recreational Areas, ADOT, NPS & ASPB							
Northern Arizona	2,422,939	2,568,957	2,527,663	1,988,400	1,776,109	12.9	-1.4
Historical	199,382	192,738	198,013	190,817	174,924	-0.8	-6.3
Scenic	831,142	888,477	839,992	617,056	561,261	-6.7	-2.8
Water Based Recreation	1,392,415	1,487,742	1,489,658	1,180,527	1,039,924	30.8	0.2
Southern Arizona	183,003	130,793	148,924	140,348	202,556	-3.5	-3.2
Historical	27,218	25,219	26,163	27,208	39,938	9.8	-4.6
Scenic	103,444	61,806	86,235	82,548	128,648	-10.5	-3.2
Water Based Recreation	52,341	43,768	36,526	30,592	33,970	13.8	-1.8
International Border Crossings, USINS & USCS							
U.S. Citizens	703,250	684,036	710,723	703,819	780,534	12.7	0.1
Aliens	1,918,975	1,840,613	1,923,079	1,924,130	2,074,952	-4.4	5.2
Vehicles	787,729	792,868	813,510	798,190	...	5.2	2.6

MEASURES OF INFLATION AND PRICES - MONTHLY DATA	JUN 98	JUL 98	AUG 98	SEP 98	OCT 98	% change versus year ago for: most recent month	most recent 12-months
Consumer Price Index (1982-1984=100) BLS							
U.S. - All Urban	163.0	163.2	163.4	163.6	164.0	1.5	1.6
U.S. - Wage Earners	159.7	159.8	160.0	160.2	160.6	1.3	1.3

Sources and abbreviations:

ADES: Arizona Department of Economic Security
ADHS: Arizona Department of Health Services
ADOR: Arizona Department of Revenue
ADOT: Arizona Department of Transportation
ARMLS: Arizona Regional Multiple Listing Service
ASBD: Arizona State Banking Department
ASPB: Arizona State Parks Board
ASU: Arizona State University, College of Business, Research Centers
BEA: Bureau of Economic Analysis, U.S. Department of Commerce
BLS: Bureau of Labor Statistics, U.S. Department of Labor
Census C-40, Bureau of the Census, U.S. Department of Commerce
EBR: Economic & Business Research Program, The University of Arizona
F.W. Dodge, Division of McGraw Hill Information Systems Co. (proprietary data provided by special permission)
NPS: National Park Service, U.S. Department of the Interior
NSCCC: Nogales-Santa Cruz Chamber of Commerce
PSIA: Phoenix Skyharbor International Airport
SAAR: Seasonally adjusted at annual rates
TAA: Tucson Airport Authority
TAR: Tucson Association of Realtors
USINS: U.S. Immigration & Naturalization Service, U.S. Department of Justice
U.S. Bankruptcy Court, District of Arizona
USCS: U.S. Customs Service, U.S. Department of the Treasury

MEASURES OF INFLATION AND PRICES

	III 97	IV 97	I 98	II 98	III 98	% change versus year ago for: most recent quarter	most recent quarters
Consumer Price Index (1982-84=100) ASU & BLS							
Metropolitan Phoenix	174.4	177.4	176.7	180.1	179.7	3.0	3.7
Western Region (U.S.)	162.1	162.8	163.3	164.2	165.1	1.9	2.0
U.S. - All Urban Consumers	160.8	161.5	161.9	162.8	163.4	1.6	1.6
U.S. - Urban Wage Earners	157.9	158.4	158.5	159.4	160.0	1.4	1.4
Price Indexes (1992=100) BEA							
Gross Domestic Product	111.8	112.1	112.3	112.6	113.0	1.1	1.2
Personal Consumption Expenditures	112.0	112.3	112.3	112.6	112.9	0.8	1.0

See notes at bottom of Arizona - Quarterly table.

Visit our web site!

http://www.bpa.arizona.edu/programs/ebr/index_n.html

TO ORDER

Check the appropriate box below and include a check or money order, where applicable.

Arizona's Economy

❑ free of charge in the United States ❑ $12.00 (U.S.) international subscription

Arizona Economic Indicators

❑ $17.00 in the U.S., Fall 1998 and Spring 1999

❑ $23.00 (U.S.) international subscription, Fall 1998 and Spring 1999

1990 *Arizona Statistical Abstract*, includes 1980 Census data.

❑ Quantity ordered:________ $26.50 (includes $3 shipping and handling)

❑ Quantity ordered:________ $30.00 (U.S.) international order

1993 *Arizona Statistical Abstract*, includes 1990 Census data.

❑ Quantity ordered:________ $27.95 (includes $3 shipping and handling)

❑ Quantity ordered:________ $36.00 (U.S.) international order

Name: ____________________

Organization: ____________________ Title: ____________________

Address: ____________________

City: ____________________ State: ____________________ Zip: ____________________

Country: ____________________ Telephone: (   ) ____________________

Total amount enclosed: $ ____________________

❑ **Address Change**. Please fill in old address in shaded box.

Please make check or money order payable to: **Economic and Business Research Program**

Mail to: ***Publications Office***
College of Business and
Public Administration
McClelland Hall 204
PO Box 210108
The University of Arizona
Tucson, Arizona 85721-0108

Name: ____________________
Organization: ____________________
Title: ____________________
Address: ____________________
City: ____________________
State: ____________________ Zip: ____________________
Telephone: ____________________

1/99

ARIZONA'S ECONOMY

ARIZONA'S ECONOMY IS PUBLISHED QUARTERLY BY THE KARL ELLER GRADUATE SCHOOL OF MANAGEMENT, COLLEGE OF BUSINESS AND PUBLIC ADMINISTRATION, THE UNIVERSITY OF ARIZONA, TUCSON, ARIZONA 85721. 520-621-2155.

REQUESTS FOR COPIES, PERMISSION TO REPRINT AND CHANGE OF ADDRESS NOTICES SHOULD BE DIRECTED TO THE STAFF.

DEAN ....MARK ZUPAN
ASSOCIATE DEAN
OF COMMUNITY AFFAIRS ....LISA FAHEY
PUBLICATIONS DIRECTOR ....DIANA HUNTER

ECONOMIC AND BUSINESS RESEARCH PROGRAMS
520-621-2155

ECONOMIC IMPACT
& FISCAL ANALYSIS ....ALBERTA CHARNEY 621-2291

FORECASTING PROJECT ....MARSHALL J. VEST 621-4075

FREE TRADE STUDIES ....ARTHUR L. SILVERS 621-4822

STATE DATA CENTER ....PIA MONTOYA 621-2523

DATA REFERENCE ....VALORIE RICE 621-2109

ARIZONA'S
ECONOMY

Prosperity for 1999???

THE UNIVERSITY OF ARIZONA®
TUCSON ARIZONA

PUBLICATIONS OFFICE
COLLEGE OF BUSINESS &
PUBLIC ADMINISTRATION
McCLELLAND HALL 204
PO BOX 210108
TUCSON, ARIZONA 85721-0108

ADDRESS CORRECTION REQUESTED

NON-PROFIT ORG.
U.S. POSTAGE
PAID
PERMIT NO. 190
TUCSON, ARIZONA